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February 24, 2006

Supervisor Gloria Molina
First Supervisorial District
Kenneth Hahn Hall of Administration, Room 856
500 W. Temple Street
Los Angeles, CA 90012

Dear Supervisor Molina:

Thank you for the opportunity to address your concerns about the separation of Public Health from the Department of Health Services (DHS).

Let me begin by stating the Department's position which is two fold. First, while one can strongly argue that the thirty year effort to integrate personal health and public health has been incomplete, I question whether a separation will ultimately result in improving the health status of the residents of Los Angeles County or is the only way to improve the effectiveness of Public Health programs. Second, whether your Board decides to create a separate Department of Public Health or not, the entire Department including my colleagues in Public Health is committed to a timely, robust and effective implementation of your Board's decision.

Again, regardless of your Board's ultimate decision on this matter, the dialogue that has resulted from your Board's directive to explore separation has been valuable and educational. An enormous amount of staff energy has been expended to delineate a separation and to define future relationships through a Memorandum of Understanding (MOU). Therefore, this time has not been wasted and both organizations, separate or apart, will benefit from this analysis.

In response to your questions, I have the following responses:

Will separation improve the health of the public?

The Department does not believe the separation will, on balance, improve the health of public. Taken from the perspective of patients, the separation of the various components of the health care system into independent entities has fragmented care, increased complexity for users and worsened access overall. What is more troubling is that even if these separations have led to some organizational efficiencies, it has left the most fragile citizens of this county in the position of having to coordinate their services across these organizations. The Department

strongly supports the County's Strategic Plan which contains many important initiatives to coordinate and reintegrate health and human service delivery. The Department does not see the separation as step toward more integrated service delivery.

What is the cost impact?

The Department has worked closely with Public Health staff and the Chief Administrative Office (CAO) to develop plans that minimize initial new costs and effectively separate current resources. The Department believes this is a prudent and reliable cost analysis and staffing plan. The CAO has projected that the Public Health separation will have an immediate cost of approximately 1.7 million dollars predominately to cover new positions. Public Health is proposing to absorb this in their budget. It has been our experience that without an increase in net county cost, the only way to absorb these 1.7 million dollars is to reduce services, or curtail other staff. The Department defers to the CAO to provide your Board with accurate and definitive answers to this question as we strongly support their analysis.

Is the separation a help or a hindrance to the Department's overall objectives?

The Department faces many important challenges in the next 12 to 24 months. As I have previously stated publicly, the Department's three most pressing challenges are: 1) Doing whatever is necessary to keep a hospital open at King/Drew Medical Center, preferably one that is County owned and operated; 2) focus on the transition to the new LAC+USC Medical Center and 3) to develop a comprehensive strategy to manage our looming structural budget deficit. I have also directed my executive team to give its highest priorities to interdepartmental programs that will fundamentally improve the quality of health and life for our most vulnerable residents. These efforts include more coordinated and service-oriented approaches to the needs of the homeless, foster and abused children, jail services, the chronically mentally ill and those with dual diagnoses (medical and alcohol/drug problems). Public Health has an important role to play in many of these critical interdepartmental efforts. In the near term the immediate effects of separation are likely to create some lack of focus as individual employees migrate to their new roles and both organizations reconstitute themselves. In the longer term the separation will add another autonomous operating unit to the already complicated set of health and human services providers operated by the County.

How does the proposed separation compare with other separation models across the nation?

From my own experience and review of the published literature, it is clear to me that most, if not all, major public health/personal health separations occurred in the context of the creation of an autonomous management structure for publicly owned and

operated hospitals. Whether through the creation of an independent authority, some other form or public private partnership or outright sale, the creation of these independent operating structures all but necessitate the separation of these two functions. From my perspective, as long as the County chooses to stay in the business of directly owning and operating hospitals there will always be direct overlap between personal health and public health, and for this reason it makes sense to leave them unified until such time as there is a need for a different operating model.

Are there alternatives to separation?

Yes. Public Health already functions fairly autonomously within DHS and further efforts can and should be made to provide more clear and direct support obligations for public health functions. Much of the public health budget is already protected because funding is categorical and for specific programs. Certainly if the County were to face a significant funding shortfall, all Departments could face budget cuts and this would be true for Public Health whether it is part of DHS or an independent Department.

Summary

On behalf of the Department, thank you for giving me this opportunity to respond to these important questions. I believe that while your Board faces a tough and important decision here, there is no clear right or wrong answer. It is fair to say that after a thirty year attempted merger, some elements of that merger have been less than complete or effective. It is also fair to say that the almost all of the issues identified by the separation analysis and the MOU creation are things the Department should address regardless of whether the separation goes forward or not. Ultimately I think this decision comes down to a policy - visibility question versus an administrative efficiency - service delivery question. From a policy - visibility standpoint, the separation of Public Health from DHS is probably a positive. It certainly would give Public Health a more direct relationship with your Board. From an administrative efficiency and service delivery perspective the separation is probably a net negative. It will create another independent bureaucracy with its associated costs. It will probably result in more fragmented service delivery and less intra-operability among service providers and programs.

Sincerely,



Bruce A. Chernof, MD
Acting Director and Chief Medical Officer

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c: Each Supervisor
Chief Administrative Officer
Director of Public Health